

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

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E.O. 11652: N/A

TAGS: APUB, TS

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO REPUBLIC OF
CHINA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-
IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$14,680,000 TO
THE CIVIL AERONAUTICS ADMINISTRATION (CAA). RELEASE IS SCHEDULED
FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR AM PAPERS,
WEDNESDAY, JUNE 11, 1975.

QUOTE: EXIMBANK CREDIT OF \$14,680,000 SUPPORTS \$36.7 MILLION
SALE OF U.S. AIRPORT EQUIPMENT TO REPUBLIC OF CHINA

TO HELP FINANCE A \$36.7 MILLION SALE OF U.S. NAVIGATIONAL
AIDS, EQUIPMENT AND MATERIALS AND SERVICES REQUIRED FOR AN
AIRPORT IN THE REPUBLIC OF CHINA (TAIWAN), THE BOARD OF
DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES
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HAS AUTHORIZED A DIRECT CREDIT OF \$14,680,000 TO FINANCE 40

PERCENT OF THE TOTAL U. S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF \$14,680,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE ANOTHER 40 PERCENT OF THE TOTAL U.S. COSTS, OF WHICH ONE-HALF OR \$7,340,000 WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. THE OBLIGOR, THE CIVIL AERONAUTICS ADMINISTRATION (CAA), AN AGENCY OF THE GOVERNMENT OF THE REPUBLIC OF CHINA, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 20 PERCENT OR \$7,340,000. THE CAA WAS ESTABLISHED IN 1947 AND IS RESPONSIBLE FOR THE PLANNING, CONSTRUCTION, OPERATION AND MANAGEMENT OF ALL CIVIL AVIATION MATTERS FOR THE COUNTRY.

THE PROJECT CONSISTS OF THE DESIGN, CONSTRUCTION, AND EQUIPPING FOR THE NEW TAOYUAN INTERNATIONAL AIRPORT LOCATED ABOUT 24 MILES SOUTHWEST OF TAIPEI. TOTAL COST OF THE PROJECT IS ESTIMATED AT SOME \$249 MILLION. THE FEASIBILITY STUDY AND PRELIMINARY DESIGN SERVICES WERE COMPLETED IN 1971 BY THE RALPH M. PARSONS COMPANY OF PASADENA, CALIFORNIA.

MAJOR U.S. PURCHASES WILL BE INSTRUMENT LANDING SYSTEM, RADAR, AIRPORT LIGHTING, AIRBRIDGES, CONVEYORS, ESCALATOR, VALVES, PUMPS, WATER TREATMENT PLANT, TRANSFORMERS, GENERATORS, PAGING SYSTEM, AIR CONDITIONING, FIBERGLASS, FLOOR HARDENER, HARDWARE, TURNSTILES AND KITCHEN EQUIPMENT. U.S. SUPPLIERS HAVE NOT YET BEEN SELECTED.

THE LOANS ARE TO BE REPAYED IN 16 SEMIANNUAL INSTALLMENTS BEGINNING NO LATER THAN JUNE 20, 1979. EXIMBANK'S DIRECT CREDIT OF \$14,680,000 WILL BE REPAYED OUT OF THE LAST 8 INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE INTEREST RATE ON THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.25 PERCENT TO 9.5 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S CREDIT AND THAT PORTION OF THE PRIVATE CREDIT WHICH IS GUARANTEED BY EXIMBANK, IS TO BE GUARANTEED BY THE GOVERNMENT OF THE REPUBLIC OF CHINA. UNQUOTE. INGERSOLL

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